



Skillmakers

Together We Can

Business Plan – Final January 2015

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Vision

Bringing education and employment closer together
to boost life chances and business productivity

Purpose and Objective

Skillmakers is a membership organisation led by local businesses, community groups and education providers, supported by Hertfordshire LEP and Watford Borough Council. The group has formed in response to the skills gaps reported by businesses locally, reflecting regional and national issues, and also in light of the significant job growth projected for Watford and the South West Herts area over coming years. Skillmakers aims to help businesses develop their own pipelines of talent to support future productivity, and to give local people better access to new employment opportunities. It is not intended to replace or replicate existing services, instead to identify what is working well and help achieve more scale, joining the dots and bringing greater impact through collaboration.

Proposition

The Skillmakers network brings employment, education and training closer together, better connecting businesses leaders with the skills they need, and helping local people gain the relevant skills to succeed in the workplace and develop sustainable long term career paths.

Priority Focus Areas

1. **Employer levy and skills funding** - Skillmakers will provide businesses with information and support to help understand and make the most of the Employer Levy, and also to understand skills funding streams available
2. **Bespoke and generic skills offerings** – Skillmakers will facilitate work groups and provide a matching service with their partner community to help employers achieve their workforce development goals and collectively address any industry skills gaps
3. **CSR and commitment to skills agenda** – Skillmakers will help employers share best practice and match resource to opportunity to ensure valued outcomes

A study has been commissioned to assess local labour market dynamics and how well education provision is tailored to meet future employer demand. This will create an evidence base to support Skillmakers strategy and decision making. It will highlight any particularly sectors that require specific focus and will help shape local skills provision. The report is due mid December 2015.

Priorities will be reviewed by the Skillmakers board on an annual basis.

Delivery There are three streams for delivery:

- **Skillmaker Ambassadors:** Inspiring the next generation with insights from the working world. Ambassadors are a network of business leaders who volunteer their time to visit schools, colleges and community groups, promoting the range of learning options available to young people, and expand their view of career opportunities open to them.
- **Skillmaker Champions:** Employers committed to using training, apprenticeships, staff development and CSR to develop and retain their own future workforce. Skillmakers will provide employers with access to information, advice and guidance about how to incorporate this approach into their business and achieve maximum benefit. This will be delivered through personal matching service, secure portals and knowledge hubs and online networks.
- **Skillmaker Partners:** Partners are either working with local communities, or are providers of education and training. Partners range across schools, colleges and universities, charity and pre employment skills providers, community groups and other organisations delivering support for local people entering the workplace. They will work together to tailor skills provision to better meet employer need and engage communities with employment opportunities, improving outcomes for all.

Quality Skillmakers Code of Conduct requires that a high level of quality is embedded in all activity undertaken by Skillmakers members. This runs through the three streams, ensuring work placements, learning programmes and visits are delivered in a way that brings clear value to both employers and candidates.

Reach Skillmakers is seeking to deliver impact across the South West Herts sub-region, which is aligned directly with Herts LEPs M1/M25 Growth Area.

Skillmakers Value

In order for Skillmakers to be sustainable and deliver against its objectives, funding is needed. A membership structure is proposed to generate the required funding on the basis of an annual fee for Skillmaker Champions and Skillmaker Partners. Clear value has to be delivered to employers and partners to justify investment in membership of the Skillmakers network.

The forecast costs and income streams are detailed later in this document and further detail related to the membership fees is in Appendix 1. The fee structure is defined by organisation size:

Corporate 250+ staff	£985 annual membership fee
Mid-Size 50-249 staff	£475 annual membership fee
Small <50 staff	£185 annual membership fee

There will also be a 500+ staff category with a £2.5k fee, for those few larger organisations that have a strong affiliation to the Skillmakers objectives and brand principles, and want to actively support the success of this service. These members will be recruited through the professional networks of the Skillmakers board members.

Skillmaker Employer Champions Benefits

Skillmakers will help employers to achieve benefit from using good quality training and apprenticeship schemes to build a strong future workforce, and to retain that workforce through staff development. It will help employers nurture and grow the skills they need, with the help of great quality and highly relevant learning provision, giving the businesses a clear return on the investments made.

1. **Reduced costs** - achieved by creating a pipeline of local talent and managing retention
 - Reduce recruitment costs which average £6.75k per new hire, although this can be much higher
 - Reduce costs related to staff retention. Costs to replace staff including covering gaps, the post, on-boarding and training average £7.5k - £20k
2. **Increased productivity** (achieved by quality training matches needs of your business) Estimates show that a 1 per cent increase in training days leads to a 3 per cent increase in productivity, and that the share of overall productivity growth attributable to training is around 16 per cent (CEDEFOP, 2007).

Improved work-readiness

- Overcoming issues around 'employability' means recruits contribute to business productivity more quickly, and require less management support to become effective

Labour saving

- Higher levels of skill leading to faster work
- Reduced duplication of effort and less time fixing mistakes
- Faster access to information

Employee engagement and motivation

- Employees motivated and more productive
- Employees stay longer, reducing the costs and disruption of recruitment and retraining
- Referrals of staff, business opportunities, customer experience and general improvements

3. **Measured value CSR activities** (supports achievement of first two priorities and can make your business more competitive)
 - Good reputation makes it easier to recruit employees
 - Volunteering, charity and other involvement with the local community are ideal opportunities to generate positive PR
 - Good relationships with local authorities and supply chain, makes doing local business easier

Skillmakers Partners Benefits

Skillmakers will give community partners and the people they work with better access to new employment and learning opportunities, to boost their life chances and maximise their potential within the workplace. It will help skills provider partners tailor learning to better meet future demand, and broader engagement with employers and candidates.

Commitment:

- Share best practice and thought leadership
- Collaborate with other partners to achieve greater outcomes
- Tailor programmes to better meet demand and skills gaps
- Skills planning with employers, developers and business groups
- Ongoing support for candidates, helping businesses not only recruit but also retain good skills
- Have a focus on vulnerable communities and candidates

Benefits:

- Access to Skillmaker evidence base
- Extend employer engagement across a wider catchment of businesses
- Delivering stronger outcomes and improved destinations through better targeting of programmes
- Scale impact through working together on local events and activities
- Collaborate to seek solutions to common challenges
- Access to the Skillmakers portal and online networks where members will share experience, best practice and contacts
- Supports OFSTED requirements where relevant

Skillmakers Ambassadors

Skillmaker Ambassadors volunteer their time to help inspire others. They are members of the Skillmakers network, working within the Skillmakers Code of Conduct, but will not be required to pay a membership fee.

Measures of Success

Measures used to assess the success of Skillmakers include:

1. Increase the number of South West Hertfordshire Apprenticeships by 30% in 2017

	Apprenticeship Starts 2014	Apprenticeship Starts 2017	Increase by
Increase number of South West Hertfordshire residents starting an Apprenticeship/Traineeship	950	1250	30%

(Government statistics 2015)

2. Increase the number of Traineeships delivered in South West Hertfordshire by 150% in 2017

	Number Starts 2015	Number Starts 2017	Increase by
Increase number of Traineeships delivered in South West Hertfordshire	40	100	150%

3. Increase in pre-employment training and sector based work academies – baseline needed
4. Year on Year Skillmaker member retention targeted at 80%

Annual Member Survey

Skillmakers will carry out an annual member survey to capture changes in employer and partner experience resulting from being engaged with Skillmakers. For example:

Employers

- % increase in placements offered (work experience, training, apprenticeships)
- % costs savings related to recruitment and retention
- % CSR activity increase

Partners

- % increase in employer engagement
- % increase in candidates placed
- % increase in candidates remaining in the placement over 6 months

This will also include a section for community partners to capture the positive impact Skillmakers has had on the communities that they work with.

Soft measures

- Coherent network of partners working to better meet employer demand
- Employers reporting improvements in employability / work-readiness, skills gaps, recruitment and retention
- Evidence of local people accessing the employment opportunities resulting from development projects

Annual Report - Skillmakers will produce an annual report communicating progress against measures along with key activities and successes.

Governance

Skillmakers intends to evolve into a Community Interest Company to provide a robust governance structure to underpin its operations. Guidance will be sought from a local business to support this, as their in-kind contribution to Skillmakers.

Resource Plan

Interim resource Jan-March 2016

- Part time support to assist with preparing Skillmakers for launch. Nadine Standish from Business In The Community may offer this.

Permanent staffing

- Skillmakers Manager: Full time post
Experienced individual to direct strategy, communications and activity streams. £50k salary
- Skillmakers Coordinator: Administrative position, £25k salary
- Skillmakers Coordinator: Apprenticeship position, £15k salary

Employment 'on-costs' are assumed to be 25%, therefore employment costs are approximately £115k per annum.

At the board meeting 3rd December 2015 West Herts College offered to act as employer for the Skillmakers staff.

Financial Forecasts - Costs

Year 0 - Investment costs to March 31 2016

Activity	Cost	Skillmakers Investment	Cash or 'In Kind' donation
Labour market research and employer survey	£30k		WHC, OC, LEP
Branding: Skillmakers concept and comms materials	£5k?		WHC
Resource to work up Skillmakers plan	TBC		WHC, WBC, Freedom, LEP
Venue for launch event	£2.5k?		Watford Football Club
Invitations and materials for launch	£2k?		WHC
Catering for launch event	£500		TBC
Interim resource January - March	£10k		Business In The Community
Total Year 0	£50k	£0	£50k

Year 1 April 2016-2017

Activity	Cost	Skillmakers Investment	'In Kind' donation from Strategic Community
Permanent Staffing	£115k	£115k	
Establish governance structures	£5k		Seeking donation
Banking	£2k		Seeking donation
Website development	£15k		Seeking donation
Marketing and communications	£10k		Seeking donation
End of year event	£10k		Seeking donation
Total Year 1	£157k	£115k	£42k

Year 2 April 17/18

Activity	Cost	Skillmakers Investment	'In Kind' donation from Strategic Community
Permanent staffing	£115k	£115k	
Accounting	£2k		Seeking donation
Banking	£1k		Seeking donation
Website management	£5k		Seeking donation
Marketing and communications	£10k		Seeking donation
End of year event	£10k		Seeking donation
Total Year 2	£143k	£115k	£28k

Year 3 April 18/19

Activity	Cost	Skillmakers Investment	'In Kind' donation
Permanent staffing	£90k	£115k	
Accounting	£2k	£2k	
Banking	£1k	£1k	
Website management	£5k	£5k	
Marketing and communications	£10k	£10k	
End of year event	£10k	£10k	
Total Year 3	£143k	£143k	£0

Financial Forecasts – Income

Year 1 April 2016-2017

Source	Income	Skillmakers Investment	Gap
Membership – Employer Champions	£47,900		
Membership – Partners	£12,450		
Total Fees	£60,350		
Skillmakers Investment Costs		£115,000	
			-£54,650

Year 2 April 17/18

Source	Income	Skillmakers Investment	Gap
Membership – Employer Champions	£81,375		
Membership – Partners	£19,050		
Total Fees	£100,425		
Skillmakers Investment Costs		£115,000	
			-£14,575

Year 3 April 18/19

Source	Income	Skillmakers Investment	Gap
Membership – Employer Champions	£148,275		
Membership – Partners	£29,425		
Total Fees	£177,700		
Skillmakers Investment Costs		£143,000	
			+£34,700

Once established, Skillmakers will be in a stronger position to bid for funding from other sources to balance the reliance on membership fee income. Such funding cannot be forecast that this point, and should be seen as ‘up-side’ on the income position.

In Years 1 and 2, additional support will be required from the Strategic Community to support the costs of banking, accountancy, website development and management, marketing and communications, and end of year event. Skillmakers will seek in-kind donations from Strategic Members.

The costs of staffing will be supported by Skillmakers. The intention is for Skillmakers to become self-sufficient by Year 3.

Financial Forecasts – Investment Proposal

There is significant risk associated with launching Skillmakers in March 2016 without having the required resources (people and technology) in place to deliver the service. Membership recruitment needs to actively begin and value must be delivered from the outset in order to build the reputational referencing that will support further membership subscription, and also to secure membership retention post Year 1.

There is a £54k gap in Year 1 cash flow, and there will be a natural lag in member uptake. Relying solely on Year 1 membership fee income to support staff costs will leave Skillmakers unviable. The proposal is for the Skillmakers board to seek loan funding to support Year 1 staff costs, with reimbursement to investors over Years 2-4 as Skillmakers becomes self-sustaining.

This model detailed below is purely indicative to promote discussion amongst Skillmakers board members. It does not account for interest on any investment.

Year	Skillmakers Investment	Income / Funding	Surplus	Source / Destination
Year 1	£115k	£115,000	£0	LEP funding / loan, WBC & WHC funding / loan
Year 2	£115k	£60,350		Year 1 membership fee income
		£100,425		Year 2 membership fee income
		Total £160,775	£45,775	Loan repayment
Year 3	£143k	£177,700		Year 3 membership fee
			£34,700	Loan repayment
Year 4	£143k	£177,700		Year 3 membership fee
			£34,700	Loan repayment
			£115,175	Loan repayment

Timeline

December 2015

- Business Plan approved
- Interim resource in place - Nadine Standish, Business In The Community

January 2016

- Staff recruitment begins
- Strategic Community Members aligned to deliver in-kind donations to support Skillmakers start-up

February 2016

- Strategic Community meeting, convening 30+ organisations with strategic relevance to Skillmakers and its objectives
- Bank accounts set up
- Governance structures in place
- LinkedIn networking commences

March 2016

- Launch event and membership recruitment begins

Spring 2016

- Membership recruitment
- Early delivery of actions plans
- Permanent resource in place

Risks

Risk	Impact	Mitigation
Forward funding is not secured	High	Support Skillmakers board to seek early stage funding or financing
Not enough members recruited to support year on year financial model	High	Strong ROI for businesses and partners, extend reach across SW Herts
Members are not retained after year 1	Medium	Regular reporting around impact and outcomes, monitoring of proactive engagement of members in activities
Activity becomes too focused on a single or small number of groups	Low	Regular review across all work streams
Priorities are not seen as relevant to a broad enough spectrum of employers and partners	Low	Clear definition of priorities, linkage to evidence base, Channels to engage all members
Activity is too broad to achieve impact	Low	Keep focused on priorities, But priorities are reviewed to ensure relevance

Appendix 1

Membership Recruitment Forecasts

The annual fee is the minimum financial contribution required to become a member of Skillmakers. Corporate members particularly are encouraged to donate 'In Kind' support alongside their annual fee to support the financial viability of Skillmakers. The 500+ staff memberships are not forecast, these are considered 'up-side' on the projections below.

Members will have the option to pay the fee on a monthly basis at a slightly higher annual level, equating to approximately a 10% premium.

Corporate: monthly £91 equates to £1,092 p/a
 Mid-Sized: monthly £44 equates to £528 p/a
 Small: monthly £18 equates to £216 p/a

Year 1 April 2016-2017

Skillmakers Members – Employer Champions

No. of members	Band of membership by organisation size	Annual Fee	Income
15	Corporate 250+ staff	£985	£14,775
60	Mid-Size 50-249 staff	£475	£28,500
25	Small <50 staff	£185	£4,625
100	Total Membership Fee Income		£47,900

Skillmakers Members – Partners

No. of members	Band of membership by organisation size	Annual Fee	Income
5	Corporate 250+ staff	£985	£4,925
10	Mid-Size 50-249 staff	£475	£4,750
15	Small <50 staff	£185	£2,775
30	Total Membership Fee Income		£12,450

Year 2 April 17/18

Skillmakers Members – Employer Champions

No. of members	Band of membership by organisation size	Annual Fee	Income
25	Corporate 250+ staff	£985	£24,625
100	Mid-Size 50-249 staff	£475	£47,500
50	Small <50 staff	£185	£9,250
175	Total Membership Fee Income		£81,375

Skillmakers Members – Partners

No. of members	Band of membership by organisation size	Annual Fee	Income
5	Corporate 250+ staff	£985	£4,925
20	Mid-Size 50-249 staff	£475	£9,500
25	Small <50 staff	£185	£4,625
50	Total Membership Fee Income		£19,050

Year 3 April 18/19

Skillmakers Members – Employer Champions

No. of members	Band of membership by organisation size	Annual Fee	Income
40	Corporate 250+ staff	£985	£39,400
200	Mid-Size 50-249 staff	£475	£95,000
75	Small <50 staff	£185	£13,875
315	Total Membership Fee Income		£148,275

Skillmakers Members – Partners

No. of members	Band of membership by organisation size	Annual Fee	Income
5	Corporate 250+ staff	£985	£4,925
40	Mid-Size 50-249 staff	£475	£19,000
30	Small <50 staff	£185	£5,500
75	Total Membership Fee Income		£29,425

Other Membership Definitions:

Strategic Member: Part of the Strategic Community group helping shape Skillmakers strategy, objectives and delivery plan.

Strategic Partner: Organisations that are wholly aligned to the principles of Skillmakers, are actively engage in supporting delivery of Skillmakers objectives, however their own funding structures preclude them for making a financial donation. Strategic Partners are expected to contribute 'In Kind' to the funding of Skillmakers.

Membership Retention and Growth

From Years 2 onwards retention of existing members is a key activity, as well as recruiting new members. Target membership retention is 80% per annum.

Whilst Year 1 membership is likely to be predominantly within the Watford area, from Year 2 Skillmakers will actively extend activity further across SW Herts targeting a wider catchment of potential members.

Year	Retained employer membership	Growth employer membership	Total employer	Retained partner membership	Growth partner membership	Total partner	Total
1		100	100		30	30	130
2	80	95	175	24	26	50	225
3	140	175	315	40	35	75	390

Appendix 2

Related Documents

- Skillmakers Evidence Base
- Action Plan for Ambassadors, Champions, Partners (the Action Plans detail the activities Skillmakers will undertake to deliver the proposition)
- PowerPoint presentations communicating value for three work streams
- Job Descriptions for Skillmakers team
- Case study pack